

SENATE BILL REPORT

SB 5743

As of February 19, 2019

Title: An act relating to vehicle taxation.

Brief Description: Concerning vehicle taxation.

Sponsors: Senators Fortunato, King, Becker, Hawkins, Sheldon, Padden, Bailey, Brown, Warnick, Honeyford and Wilson, L..

Brief History:

Committee Activity: Transportation: 2/19/19.

Brief Summary of Bill

- Transfers the state 6.5 percent sales and use tax imposed on motor vehicle purchases to the Motor Vehicle Fund.
- Specifies the revenue is used only for highway purposes.

SENATE COMMITTEE ON TRANSPORTATION

Staff: Bryon Moore (786-7726)

Background: Retail sales taxes are imposed on retail sales of most articles of tangible personal property, digital products, and some services. If retail sales taxes were not collected when the user acquired the property, digital products, or services, then use tax applies to the value of property, digital product, or service when used in this state. The state, all counties, and all cities levy retail sales and use taxes. The state sales and use tax rate is 6.5 percent. State sales and use tax revenues are deposited into the state General Fund.

An additional 0.3 percent sales and use tax on motor vehicle purchases was enacted in 2003. Revenue generated from the 0.3 percent sales and use tax on vehicles is deposited into the Multimodal Transportation Account for transportation purposes.

Summary of Bill: Beginning July 1, 2019, the revenue from the state 6.5 percent sales and use tax imposed on motor vehicle purchases is directed to be deposited into the Motor Vehicle Fund. All revenue collected under the legislation may only be used for highway purposes.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Motor vehicle includes, but is not limited to, passenger vehicles, light duty trucks, commercial vehicles, travel trailers, recreational vehicles, intermittent use trailers, motorcycles, and campers. Motor vehicle does not include most farm tractors or farm vehicles, off-road vehicles, non-highway vehicles, bicycles, and snowmobiles.

Appropriation: None.

Fiscal Note: Available.

Creates Committee/Commission/Task Force that includes Legislative members: No.

Effective Date: The bill contains an emergency clause and takes effect on July, 1, 2019.

Staff Summary of Public Testimony: PRO: We need funds to support our transportation infrastructure. This provides a long term funding plan to deal with the costs of construction inflation. It also provides an alternative source of revenue that avoids raising the gas tax or implementing a road usage charge. This solves the problem of repetitive transportation package. The state general fund impact will be somewhat impacted by the economic activity and jobs created by this new transportation funding source.

Persons Testifying: PRO: Senator Phil Fortunato, Prime Sponsor.

Persons Signed In To Testify But Not Testifying: No one.